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SUBJECT: MCC CEO VISIT HIGHLIGHTS FIRST COMPACT SUCCESS AND LOOKS TOWARD SECOND COMPACT

Summary

¶11. (U) Millennium Challenge Corporation (MCC) CEO Daniel Yohannes' visit to Cape Verde last week reviewed the tangible accomplishments of the 2005-2010 MCC Compact with Cape Verde and set the groundwork for the preparation of a second Compact for FY 2011-2016. As Yohannes met with the Cape Verdean Government, civil society, business leaders, and project managers, he congratulated Cape Verde for remaining on track to complete the first MCC Compact in the world and urged interlocutors to remain on schedule. Cape Verdean partners are considering several options for the second Compact proposal and Yohannes had the opportunity to participate in those early discussions. He also learned about promising areas for future engagement, including the possible contribution by the Cape Verdean diaspora in the United States. End summary.

Reviewing the First Compact's Successes

¶12. (U) MCC CEO Daniel Yohannes, Deputy Vice President Jonathan Bloom and the Washington delegation visited Cape Verde on February 3-5 as part of Yohannes' first field visit since he began his position. He traveled to two major MCC infrastructure projects - two completed roads to interior city of Assomada on Santiago Island and the works underway of the port of Praia. He reviewed the results of the e-government system and observed the first Compact's positive influence on local schools in Cha de Tanque and neighboring rural communities on Santiago. All major local press outlets covered his visit, including his statement upon arrival and the joint press conference with Cape Verdean Prime Minister Neves. Cape Verde's MCC counterpart, MCA, briefed the delegation on how the infrastructure projects directly contributed to Cape Verde's development. Yohannes also discussed the final details of closing out the MCC project later this year with GOCV officials. He urged Cape Verdean officials to continue to build on the strong democratic and financial foundations that have been the country's recipe for success. Both sides are confident that the three-pronged development of roads, ports, and agriculture will conclude on time and within budget in October this year.

Looking Towards Second Compact

¶13. (SBU) Yohannes' arrival coincided with the early planning meetings for a second Compact development process in Cape Verde and helped encourage broad involvement by civil society, private sector, municipal officials, and GOCV officials. Despite rumors

circulating on the overall value of the second Compact, Yohannes focused on the pre-requisites for qualification, timing, and potential areas of cooperation in his discussions. In private, he told Finance Minister Cristina Duarte and Foreign Minister Jose Brito that a second Compact was unlikely to surpass the \$110 million total of the first Compact and the ministers recognized the financial limitations facing both governments this year.

¶4. (U) Turning to specifics, Yohannes encouraged Cape Verdean officials to establish a Compact focused on new areas which will bolster Cape Verde's development over the next decade. In a separate lunch meeting, Yohannes met with entrepreneurs from several potential second Compact industries, including the telecommunications, renewable energy, transportation, and construction sectors. These discussions allowed the delegation to gauge development and private sector partnership opportunities. The strongest contenders appeared to be renewable energy business and agribusinesses, which proposed the cultivation of fruits and vegetables in place of traditional subsistence farming. The Cape Verdean government plans to submit a proposal in the coming months for approval sometime in FY2011.

¶5. (SBU) Comment: The successful visit reinforced the message that Cape Verde has done an impressive job of staying on track as it pioneers the MCC Compact completion phase. Government and private sector partners are justifiably proud of their accomplishments over the past five years and hope to repeat the

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successful work in a second Compact. As we get closer to negotiating the second Compact, managing public expectations about its scope and focus will likely become more challenging. Nonetheless, for now our partners remain pleased with the visit and Cape Verde's progression towards the second Compact. End comment.

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